

For immediate release

QUARTERLY FINANCIAL REPORT

Quarter 4: Financial Year Ending 31 December 2015

The Directors are pleased to release the quarterly financial report for the quarter and twelve months ended 31 December 2015.

The contents of the financial report comprise of the following attached condensed financial statements, explanatory notes, and additional disclosures. These must be read in conjunction with the Group's financial statements for the year ended 31 December 2014:

- Schedule I : Condensed Consolidated Income Statement
- Schedule II : Condensed Consolidated Statement of Comprehensive Income
- Schedule III : Condensed Consolidated Statement of Financial Position
- Schedule IV : Condensed Consolidated Statement of Cash Flow
- Schedule V : Condensed Consolidated Statement of Changes in Equity
- Schedule VI : Selected Explanatory Notes
- Schedule VII : Additional Disclosures

This quarterly financial report has been prepared in accordance with the accounting standards on interim financial reporting issued by the Malaysian Accounting Standards Board and contains additional disclosures prescribed by the Main Market Listing Requirements of Bursa Malaysia. Unless specified otherwise, the same accounting policies and methods of computation applied to the Group's financial statements for the previous year had been followed throughout this quarterly financial report.

By Order of the Board

Eric Toh Chee Seong (MAICSA 7016178)
Company Secretary
29 February 2015

Schedule I : Condensed Consolidated Income Statement

For the quarter and twelve months ended 31 December 2015

RM'000	Individual 4th Quarter			<i>Audited</i> Cumulative 4th Quarter		
	31/12/2015	31/12/2014	% chg	31/12/2015	31/12/2014	% chg
Continuing Operations						
Revenue	6,954	21,284	-67.4%	35,627	84,781	-58.0%
Operating profit	(836)	5,603	-115%	2,750	26,061	-89.5%
Interest expense	(6)	(262)		(123)	(1,148)	
Interest income	319	90		856	437	
Administrative expenses	(2,023)	(2,470)		(7,847)	(8,151)	
Other income	4	867		1,169	1,512	
Profit before taxation (PBT)	(2,542)	3,828	-166%	(3,195)	18,711	-117%
Taxation	44	(1,347)		23	(5,257)	
Profit after taxation (PAT)	(2,498)	2,481	-201%	(3,172)	13,454	-124%
Attributable to :						
Equity holders of the Company	(2,316)	2,606	-189%	(2,560)	14,110	-118%
Non-controlling interests	(182)	(125)	nm	(612)	(656)	nm
	(2,498)	2,481		(3,172)	13,454	
Basic earnings per share (sen) attributable to equity holders of the Company	(1.1)	1.8		(1.2)	10.0	
Diluted earnings per share (sen) attributable to equity holders of the Company	(1.1)	1.5		(1.2)	9.0	

nm – not meaningful

This Statement should be read in conjunction with the selected explanatory notes on Schedule VI & VII of this Report and the Group's audited financial statements for the year ended 31 December 2014.

Schedule II : Condensed Consolidated Statement of Comprehensive Income

For the quarter and twelve months ended 31 December 2015

RM'000	Individual 4 th Quarter			Cumulative 4 th Quarter		
	31/12/2015	31/12/2014	% chg	31/12/2015	31/12/2014	% chg
Group profit after tax	(2,498)	2,481	-201%	(3,172)	13,454	-124%
Other comprehensive income,						
Foreign currency translation	-	-		-	-	
Realisation of reserves	-	-		-	-	
Total comprehensive income for the						
Year	(2,498)	2,481	-201%	(3,172)	13,454	-124%
Total comprehensive income						
attributable to:						
Equity holders of the Company	(2,316)	2,606	-189%	(2,560)	14,110	-118%
Non-controlling interests	(182)	(125)	nm	(612)	(656)	nm
	(2,498)	2,481	-201%	(3,172)	13,454	-124%

nm – not meaningful

This Statement should be read in conjunction with the selected explanatory notes on Schedule VI & VII of this Report and the Group's audited financial statements for the year ended 31 December 2014.

Schedule III : Condensed Consolidated Statement of Financial Position

As at 31 December 2015

RM'000	31/12/2015	<i>Audited</i> 31/12/2014
Property, plant & equipment	30,007	30,674
Other financial assets	16	16
Goodwill on consolidation	20,883	20,883
Development expenditures	2,285	1,434
Deferred tax assets	2,035	9
Current assets		
Trade receivables	1,003	7,638
Inventories	608	741
Other receivables	5,505	14,857
Cash and cash equivalents	44,816	39,181
	51,932	62,417
Less : Current liabilities		
Trade payables	-	1,748
Other payables	2,179	2,162
Finance lease payables	67	2,791
Provision for taxation	91	1,848
	2,337	8,549
Net assets/(liabilities)	49,595	53,868
	104,821	106,884
Financed by:		
Share capital	94,441	56,665
Retained earnings	12,761	45,916
Other reserves	(4,174)	3,301
Non-controlling interests	(1,350)	(744)
Total Equity	101,678	105,138
Non-current liabilities		
Finance lease payable	77	644
Deferred tax liabilities	3,066	1,102
	3,143	1,746
Total equity & non-current liabilities	104,821	106,884
Net assets per share (sen) attributable to equity holders of the Company	43.8	74.7

This Statement should be read in conjunction with the selected explanatory notes on Schedule VI & VII of this Report and the Group's audited financial statements for the year ended 31 December 2014.

Schedule IV : Condensed Consolidated Statement of Cash Flow

For the twelve months ended 31 December 2015

RM'000	Audited	
	Cumulative 4 th quarter 31/12/2015	31/12/2014
Operating activities		
Profit before taxation		
- Continuing	(3,195)	18,711
Add non-cash : Depreciation & amortisation	7,803	18,758
Add non-cash : Impairment of goodwill	-	665
Gain on :		
- disposal of property, plant & equipment	-	13
- disposal of subsidiary	-	(575)
Changes in working capital	13,470	(8,306)
Tax paid	(1,796)	(5,274)
Net cash flows from operating activities	16,282	23,992
Investing activities		
Interest income	856	437
Development expenditure	(850)	(691)
Purchase of property, plant and equipment	(7,134)	(21)
Proceeds from disposal of investment/subsidiary	-	1,697
Proceeds from disposal of property, plant and equipment	-	2,832
Net cash flows from investing activities	(7,128)	4,254
Financing activities		
Interest expenses	(123)	(1,148)
Repayment of finance lease	(3,293)	(18,868)
Repayment of short/long term facilities	-	-
Issuance of shares	-	-
Dividend paid	-	(1,417)
Proceeds from finance lease	-	-
Repayment to director	(103)	(411)
Net cash flows from financing activities	(3,519)	(21,844)
Net change in cash & cash equivalents	5,635	6,402
Cash & cash equivalents at beginning of year	39,181	32,779
Cash & cash equivalents at end of year	44,816	39,181
Comprising of :		
Cash and bank balances	41,241	30,330
Fixed deposits with financial institutions	3,575	8,851

Note :

() denotes cash outflow

This Statement should be read in conjunction with the selected explanatory notes on Schedule VI & VII of this Report and the Group's audited financial statements for the year ended 31 December 2014.

Schedule V : Condensed Consolidated Statement of Changes in Equity
For the twelve months ended 31 December 2015

<-----Attributable to equity holders of the Company----->

RM'000	Share Capital	Share premium & Other reserves	Warrant Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
At 31 December 2014	56,665	2,294	1,007	45,916	105,882	(744)	105,138
Total comprehensive income	-	-	-	(2,560)	(2,560)	(612)	(3,172)
Transactions with owners:							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	37,776	(7,180)	-	(30,596)	-	-	-
Dividend declared	-	-	-	-	-	-	-
Increased equity in subsidiary*	-	(6)	-	-	(6)	6	-
Share issuance expense written off against share premium	-	(288)	-	-	(288)	-	(288)
Total transactions with owners	37,776	(7,474)	-	(30,596)	(294)	6	(288)
At 31 December 2015	94,441	(5,180)	1,007	12,760	103,028	(1,350)	101,678
At 1 January 2014	56,665	2,074	1,007	33,223	92,969	132	93,101
Total comprehensive income	-	-	-	14,110	14,110	(656)	13,454
Transactions with owners:							
Conversion of warrant to shares	-	-	-	-	-	-	-
Issue new ordinary shares	-	-	-	-	-	-	-
Dividend paid	-	-	-	(1,417)	(1,417)	-	(1,417)
Increased equity in subsidiary*	-	220	-	-	220	(220)	-
Total transactions with owners	-	220	-	(1,417)	(1,197)	(220)	(1,417)
At 31 December 2014	56,665	2,294	1,007	45,916	105,882	(744)	105,138

* equity transaction reserve

Schedule VI : Selected Explanatory Notes Pursuant to MFRS 134

1. Accounting Policies and method of computation
 The quarterly financial statements have been prepared in accordance with Malaysia Financial Reporting Standard (MFRS) 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia.

 The accounting policies and methods of computation adopted by the Group for the interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2014.
2. Auditors' report
 The auditors' report of the preceding annual financial statements of the Company and of the Group was not subject to any qualification.
3. Comment on seasonality or cyclicity of operation
 The Group's performance is not affected by seasonal or cyclical events on a year to year basis. However, on a quarter to quarter basis, the proceeds from chartering land-based transportation assets to the National Service("NS") program will vary according to the schedule determined by the National Service program. For FY 31 December 2015, the NS program was deferred, and as such the National Service program only required a bare minimum of transportation assets operating.
4. Unusual items due to their nature, size or incidence
 There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter.
5. Significant estimates and changes in estimates
 There were no significant estimates or changes in estimates that have had any material effect on the results of the current quarter.
6. Issuance or repayments of debt/equity securities

 There have been no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current financial quarter.
7. Dividends paid

 No dividends have been paid in the current financial quarter.
8. Segmental results
 For management purposes, the Group's operating businesses are organised according to services, namely chartering of land-based transportation assets and specialty vehicles, small hydropower and others. Segment performance is evaluated based on operating profit. Inter-segment transactions and pricing arrangements where applicable, are determined on a commercial basis. The results by segments for the quarter are as follows:

<u>Revenue</u>	4 th Quarter	
	2015 RM'000	2014 RM'000
Chartering of transportation assets	6,678	21,284
Small hydropower	-	-
Others	-	-
	6,678	21,284

Schedule VI : Selected Explanatory Notes Pursuant to MFRS 134 (cont'd)

<u>Operating profit/(loss)</u>	4 th Quarter	
	2015 RM'000	2014 RM'000
Chartering of transportation assets	(464)	5,880
Small hydropower	(372)	(277)
Others	-	-
	(836)	5,603

9. Valuation of property, plant and equipment

There were no changes in the valuation on property, plant and equipment since the last annual financial statements.

10. Subsequent events

There were no material events subsequent to the end of the quarter that has not been reflected in the current financial quarter.

11. Changes in the composition of the Group

As per Bursa announcement dated 31 December 2015 Gunung had on 31 December 2015 subscribed for an additional 2,000,000 new ordinary shares of RM1.00 each in Gunung Hydropower Sdn Bhd ("GHBS") for a total consideration of RM2,000,000. Pursuant to the subscription, the total issued share capital of GHBS increased from 1,000,000 ordinary shares of RM1.00 each to 3,000,000 ordinary shares of RM1.00 each of which 2,700,000 ordinary shares is held by Gunung. As a result of this Subscription, GHBS is a 90% owned subsidiary of Gunung (from 70% prior to this subscription).

12. Contingent liabilities

There were no contingent liabilities of a material nature since the last annual balance sheet date.

13. Contingent assets

There were no contingent assets of a material nature since the last annual balance sheet date.

14. Capital commitments

There are no outstanding capital commitments at the end of the current quarter.

15. Significant related party transactions

The following are significant related party transactions:-

RM'000	Cumulative 4 th Quarter	
	2015	2014 [^]
Charter of vehicles	-	3,064

[^]The above transactions were entered into in the ordinary course of business and on normal commercial terms. These transactions were within the ambit of the mandate renewed by the shareholders of the Company on 28 June 2013.

Schedule VII : Additional Disclosures in Compliance with Main Market Listing Requirements

1. Operations review

Current Quarter vs Corresponding Quarter last year

Group revenue for Q4 was substantially lower than against that of the corresponding period in FY2014, down 67.4% to RM6.95 million, as revenue was affected by the deferment of the National Service Program for year 2015. This has significantly affected the Group's contract revenues in FY2015, especially in view of the Group receiving a 'Letter of Award and Acceptance' from the Ministry of Defence on 26th December 2014, with the value of RM164.95 million for the provision of transportation (bus) service to the National Service Program. The tenure of this Service-Contract is from 26 Dec 2014 to 25 Dec 2017.

Group operating profit for Q4 was also affected by lower contract revenue and the continuing of costs incurred due to the under utilisation of the Group's fleet of vehicles, such as fleet depreciation costs and fleet maintenance costs. As a result of the under utilisation of the Groups fleet of vehicles, the Group incurred an operating loss of RM0.84 million in Q4.

Cummulative 4th Quarter vs Corresponding Period last year

Group revenue decreased by 58% to RM35.6mil, and operating profit dropped 89% to RM2.8mil, for the cumulative four quarters of 2015. This was directly attributed to the deferment of the National Service Program for year 2015, and the subsequent costs incurred due to the under utilisation of the Group's fleet of vehicles. However, for FY2015 the Group managed to earn a positive EBITDA of RM4.7 mil, which has improved the cash position of the Group year-on-year. This is predominately due to the 'noncash' depreciation expense incurred in FY2015 amounting to RM7.8 mil.

2. Comment on material change in profit before taxation vs preceding quarter

Group loss before tax for the quarter amounted to approximately RM2.5 million which was higher than the preceding quarter (loss before tax of RM2.0 million), due continual lower contract revenues, and a 'one-off' provision for doubtful debt (trade debtor) in the quarter under review amounting to RM183,000.

3. Prospects for the next financial year (FY2016)

The management's sustained effort and investment, to secure additional contracts in chartering land-based transportation assets and specialty vehicles, and to improve the overall operating efficiency continues to be the main strategy in the transportation division. This effort was rewarded as GPB Corporation Sdn Bhd, a wholly owned subsidiary of Gunung, had on 26th January 2016, received a 'Letter of Award and Acceptance' from the Ministry of Defence for a Transportation Service-Contract with the value of up to RM14,657,500.

Furthermore the shuttle bus service within both the Kuantan and Gombak campuses for the International Islamic University of Malaysia, chartering of city buses for a public transportation service in Manjung (Perak), and ad-hoc charters will continue in FY2016.

The deferment of the National Service Program for FY2015 substantially reduced Group revenue from the Service-Contract awarded on 26th December 2014. Although the National Service program is schedule to re-commence on 1st March 2016, during FY2016 we expect the National Service program to be scale-down on the back of the news that the Government is cutting operating and development budgets/ expenditures. Throughout FY2016, we expect Group revenue and profit attributable to shareholders to be slightly improved (from FY2015).

In the longer term, we are excited by the implementation of the mini-hydro Projects in Perak, which will contribute to Gunung's long term revenue and earnings, and enhance Gunung's growth potential. In addition, the long term stable income stream derived from the mini-hydro Projects will reduce Gunung's dependency incomes solely from chartering land-based transportation assets & specialty vehicles. We are expecting the first earnings contribution to the Group from this division to commence in the first quarter of FY2017.

Schedule VII : Additional Disclosures in Compliance with Main Market Listing Requirements (cont'd)

4. Tax expense

The details of the tax expense are as follows:-

RM'000	Current Quarter	Cumulative 4 th Quarter
Current	27	48
Deferred tax	(71)	(71)
	<u>(44)</u>	<u>(23)</u>

5. Status of corporate proposal

There are no corporate proposals outstanding as at 31 December 2015. Subsequent to the financial year ended 31 December 2015, the Company announced to Bursa, that's is 90% owned subsidiary Gunung Hydropower Sdn Bhd entered into a share sale and purchase agreement with Conso Light Sdn Bhd ("the Vendor") for the proposed acquisition of a 50% equity interest in Conso Hydro RE Sdn Bhd for a total cash consideration of RM2,500,000.

The vendor is currently in the process satisfying various condition precedents outlined in the share sale agreement, and it is expected that the proposed acquisition will be completed by the end of the first quarter 2016.

6. Group borrowings and debt securities

The details of the Group's borrowings as at 31 December 2015 are as follows:-

RM'000	<u>Currency</u>	<u>Current</u>	<u>Non-Current</u>
Finance lease	RM	<u>67</u>	<u>77</u>

7. Pending material litigation

There was no pending litigation of a material nature since the last balance sheet date.

8. Basis of calculation of earnings per share (EPS)

(a) The basic EPS for the current quarter was computed by dividing the Group profit attributable to shareholders of the Company by the weighted average number of ordinary share in issue (net of treasury shares).

	Current Quarter RM'000	Current YTD RM'000
Group attributable profit to shareholders of the Company	<u>(2,316)</u>	<u>(2,560)</u>
Weighted average issued capital net of treasury shares	216,697	216,697
Earnings per share (sen)	(1.07)	(1.18)

Schedule VII : Additional Disclosures in Compliance with Main Market Listing Requirements (cont'd)

- (b) The diluted EPS for the current quarter was computed by dividing the Group profit attributable to shareholders, adjusted for the dilutive effects of the conversion of all the outstanding warrants of the Company into ordinary shares.

	Current Quarter RM'000	Current YTD RM'000
Group attributable profit to shareholders of the Company	(2,316)	(2,560)
Weighted average issued capital net of treasury shares	216,697	216,697
Adjustment for warrant conversion into ordinary shares	4,391	4,391
Adjusted weighted average issued capital net of treasury shares	221,088	221,088
Earnings per share (sen)	(1.05)	(1.16)

9. Disclosure of realised and unrealised portions of the revenue reserve

	4 th Quarter	
	2015 RM'000	2014 RM'000
Total revenue reserve of the Company and its subsidiaries		
Realised	13,792	47,018
Unrealised*	(1,031)	(1,102)
	12,761	45,916

* In respect of deferred tax recognized (net of deferred tax asset) and fair value gain on financial assets in the statements of comprehensive income

Schedule VII : Additional Disclosures in Compliance with Main Market Listing Requirements (cont'd)

10. Notes to the Condensed Consolidated Income Statement

PBT is arrived at after charging/(crediting) the following items:

	Current Quarter RM'000	Current YTD RM'000
(a) Interest income	319	856
(b) Depreciation and amortization,	2,065	7,803
(c) Provision for doubtful debts	183	183
(d) Bad debts written off	N/A	N/A
(e) Provision for inventories	N/A	N/A
(f) Inventories written off	N/A	N/A
(g) (Gain)/Loss on disposal of quoted/unquoted investments	N/A	N/A
(h) (Gain)/Loss on disposal of assets	N/A	N/A
(i) Impairment of financial assets	N/A	N/A
(j) Foreign exchange (Gain)/loss	N/A	N/A
(k) Loss on derivatives	N/A	N/A
(l) Unusual items	N/A	N/A